



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

10/3/08

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8- 53127

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2007 AND ENDING 12/31/2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Union Capital Company

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4400 E Broadway, Suite 512

(No. and Street)

Tucson

(City)

AZ

(State)

85711

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Frank Almada 520-664-2001

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Julie Klewer

(Name - if individual, state last, first, middle name)

4783 E Camp Lowell Drive

(Address)

Tucson

(City)

AZ

(State)

85712

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**  
**MAR 07 2008**  
**THOMSON  
FINANCIAL**

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Frank Almada, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Union Capital Company, as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Blanca E Chapa  
Notary Public

[Signature]  
Signature

President  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

UNION CAPITAL HOLDINGS CORP. AND  
SUBSIDIARY UNION CAPITAL COMPANY

Audited Consolidated Financial Statements  
and Supplementary Information

For the year ended December 31, 2007

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UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

INDEX TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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LUDWIG KLEWER & CO. PLLC

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders  
Union Capital Holdings Corp. and Subsidiary  
Union Capital Company

We have audited the accompanying consolidated balance sheet of Union Capital Holdings Corp. (a Corporation) and subsidiary Union Capital Company (a Corporation) as of December 31, 2007 and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Union Capital Holdings Corp. and subsidiary Union Capital Company as of December 31, 2007 and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. However, this information is required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Ludwig Klewer & Co. PLLC*

February 26, 2008

Certified Public Accountants & Consultants

4783 East Camp Lowell Drive Tucson, Arizona 85712

telephone 520 545 0500 facsimile 520 545 0555 [www.ludwigklewer.com](http://www.ludwigklewer.com)

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATED BALANCE SHEET

December 31, 2007

ASSETS

Assets:		
Cash	\$	125,009
Clearing deposit		35,000
Commissions receivable		20,939
Due from stockholder		19,830
Deferred income tax asset		<u>14,500</u>
Total current assets		215,278
Deposits		1,705
Intangible asset, net		1,133
Furniture and equipment, net		<u>5,480</u>
Total assets	\$	<u><u>223,596</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
Accounts payable and accrued expenses	\$	21,399
Income taxes payable		7,951
Capital leases payable, current portion		2,398
Deferred income tax liability		<u>400</u>
Total current liabilities		32,148
Capital leases payable, non-current portion		<u>1,310</u>
Total liabilities		33,458
Stockholders' equity:		
Common stock, no par value; 2,000,000 shares authorized, 1,308,941 shares issued and outstanding		459,085
Accumulated deficit		<u>(268,947)</u>
Total stockholders' equity		<u>190,138</u>
Total liabilities and stockholders' equity	\$	<u><u>223,596</u></u>

See independent auditors' report and accompanying notes.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATED STATEMENT OF INCOME  
For the year ended December 31, 2007

Revenues:	
Commissions	\$ 595,203
Other income	39,208
Total revenues	<u>634,411</u>
Operating expenses:	
Compensation and benefits	374,540
Floor brokerage and clearing costs	26,946
Rent	25,876
Automobile	16,458
Legal and professional fees	14,504
Licenses and fees	13,981
Travel and entertainment	13,395
Telephone	10,214
Office expenses	9,423
Quotes	7,246
Advertising	5,738
Depreciation and amortization	4,391
Contract labor	2,095
Website and internet	1,536
Seminars	325
Total operating expenses	<u>526,668</u>
Operating income	107,743
Other income (expense):	
Interest income	1,974
Interest expense	(1,795)
Total other income (expense)	<u>179</u>
Income before income tax provision	107,922
Income tax provision	23,851
Net income	<u><u>\$ 84,071</u></u>

See independent auditors' report and accompanying notes.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the year ended December 31, 2007

	Common Stock		Accumulated	
	Shares	Amount	Deficit	Total
Balance, December 31, 2006	1,308,941	\$ 459,085	\$ (353,018)	\$ 106,067
Net income			84,071	84,071
Balance, December 31, 2007	1,308,941	\$ 459,085	\$ (268,947)	\$ 190,138

See independent auditors' report and accompanying notes.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2007

Cash flows from operating activities:	
Net income	\$ 84,071
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	4,391
Deferred income taxes, net	15,900
Changes in operating assets and liabilities:	
Commissions receivable	30,224
Employee receivables	1,338
Accounts payable and accrued expenses	(14,888)
Income taxes payable	7,901
Total adjustments	44,866
Net cash provided by operating activities	128,937
Cash flows from investing activities	-
Cash flows from financing activities:	
Principal repayments of capital leases payable	(2,235)
Short-term advances made to stockholder	(74,855)
Short-term advances repayments from stockholder	71,310
Net cash used in financing activities	(5,780)
Net change in cash	123,157
Cash, beginning of year	1,852
Cash, end of year	\$ 125,009
Supplemental disclosure of cash flow activities:	
Cash paid during the year for interest	\$ 1,795
Cash paid during the year for income taxes	\$ 50
Supplemental disclosure of noncash investing and financing activities:	
Furniture and equipment financed with capital lease	\$ 1,299

See independent auditors' report and accompanying notes.

# UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Organization

The consolidated financial statements include the accounts of Union Capital Holdings Corp. (UCHC) and its wholly owned subsidiary Union Capital Company (UCC), collectively referred to as the Company.

UCC, an Arizona corporation, began operations in December 1999 as Inversionista Online.com, Inc. and became a registered securities broker-dealer during 2001. The name was changed to Union Capital Company during 2002. UCC operates a customer business whereby transactions are cleared through another broker-dealer on a fully disclosed basis in accordance with the exemption under rule 15c3-3(k)(2)(ii) of the Securities and Exchange Commission.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The consolidated financial statements include the accounts of UCHC and its wholly-owned subsidiary UCC. All intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

#### Cash

For purposes of the statement of cash flows, the Company considers all highly-liquid investments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2007.

#### Commissions Revenue and Receivable

Commissions revenue and related expenses are recognized on a trade date basis and recorded monthly. Commissions receivable represent commissions earned on transactions that occurred prior to and on December 31, 2007 and paid to UCC after December 31, 2007. All of the commissions receivable was collected during January 2008.

#### Furniture and Equipment

Property and equipment is stated at cost. The cost of maintenance, repairs and minor renewals is charged to expense in the year incurred. Expenditures that increase the useful lives of the assets are capitalized and depreciated. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

For financial statement purposes, depreciation is computed using the straight-line method over the following estimated useful lives of the various classes of assets:

Office furniture and fixtures	7 years
Computer equipment and software	5 years

#### Intangible Asset

The costs for UCC to purchase its website domain name are stated at cost. These costs are being amortized using the straight-line method over an estimated useful life of five years.

#### Income Taxes

UCHC and UCC file a consolidated income tax return and maintain a December 31 year-end for financial and income tax reporting purposes.

The Company records deferred income tax assets and liabilities based on items of income and expense that are reported for financial statement purposes in different periods than for income tax purposes. The differences relate principally to the use of different methods of depreciation for financial and tax purposes and net operating loss carryovers.

# UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2. Summary of Significant Accounting Policies, Continued

#### Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Concentration of Credit Risk

UCC, as an introducing broker, clears all transactions with and for customers on a fully-disclosed basis with a clearing broker and promptly transmits all customer funds and securities to the clearing broker who carries all of the accounts. These activities may expose UCC to off-balance sheet risk in the event that the customer and/or clearing broker is unable to fulfill their obligations. UCC does not maintain margin accounts for its customers, and therefore, there were no excess margin securities at December 31, 2007.

UCC transacts its business with customers located throughout the United States and Latin America.

### 3. Net Capital

UCC, as a registered broker-dealer in securities, is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission and the related rules of the National Association of Securities Dealers, Inc. Such rules prohibit the UCC from engaging in any securities transactions whenever its "aggregate indebtedness" (as defined by SEC rules) exceeds eight times its "net capital" (as defined by SEC rules) for the first year, and fifteen times its "net capital" for subsequent years.

At December 31, 2007, UCC had a net capital requirement of \$5,000 and net capital and aggregate indebtedness of \$149,192 and \$29,350, respectively.

### 4. Deposits

The clearing deposit at December 31, 2007 in the amount of \$35,000 represents monies on deposit with RBC Dain Correspondent Services, the broker-dealer through which all UCC transactions are cleared. The deposit in the amount of \$1,705 at December 31, 2007 represents monies paid in connection with the rental of the Company's office space.

### 5. Intangible Asset

The intangible asset consists of:

Website domain name	\$ 3,400
Accumulated amortization	(2,267)
Intangible asset, net	<u>\$ 1,133</u>

### 6. Furniture and Equipment

Furniture and equipment consists of:

Office furniture and fixtures	\$ 17,705
Computer equipment and software	23,200
Total furniture and equipment, at cost	40,905
Less: accumulated depreciation	(35,425)
Furniture and equipment, net	<u>\$ 5,480</u>

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Capital Leases Payable

The Company is obligated under three capital leases. The total cost of computer equipment under these leases was \$7,044 and accumulated depreciation was \$2,766 at December 31, 2007.

Dell Financial, capital lease with payments of \$68 per month including interest through November 2009; collateralized by computer equipment	\$ 880
Dell Financial, capital lease with payments of \$112 per month including interest through November 2009; collateralized by computer equipment	2,099
Dell Financial, capital lease with payments of \$113 per month including interest through July 2008; collateralized by computer equipment	<u>729</u>
Net minimum lease payments	3,708
Capital leases, current portion	<u>(2,398)</u>
Capital leases, non-current portion	<u>\$ 1,310</u>

The future maximum lease payments due under the capital leases at December 31, 2007 are:

Year ending <u>December 31,</u>	
2008	\$ 2,756
2009	<u>1,443</u>
Total lease payments	4,199
Less imputed interest	<u>(491)</u>
Net minimum lease payments	<u>\$ 3,708</u>

8. Income Taxes

The income tax provision for the year ended December 31, 2007 is:

Current:	
Federal	\$ -
State	<u>7,951</u>
	7,951
Deferred:	
Federal	14,150
State	<u>1,750</u>
	<u>15,900</u>
	<u>\$ 23,851</u>

The income tax provision approximates the expected taxes using combined federal and state statutory rates. Deferred taxes are calculated based on temporary differences in the recognition of certain income and expense items for financial reporting and income tax purposes.

# UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 8. Income Taxes, Continued

The deferred tax asset and liability in the accompanying financial statements consists of the following at December 31, 2007:

Deferred tax liability	\$ 400
Deferred tax asset	14,500
Deferred tax asset, net	<u>\$ (14,100)</u>

The net deferred tax asset is the result of a federal net operating loss carryover in the approximate amount of \$99,000. This loss carryover is available to offset future federal taxable income. The federal loss carryover expires in 2020. The deferred tax liability is the result of differences between depreciation methods used for income tax and financial reporting purposes.

### 9. Related Party Transactions

As of December 31, 2007, UCC was owed \$19,830 from short-term advances made to a stockholder. The advances are interest-free, due on demand and unsecured.

### 10. Commitments and Contingency

#### Commitments

The Company leases office space under an operating lease that expires during December 2010. Rent expense under this lease during the year ended December 31, 2007 was \$25,876. The Company also leases a vehicle under an operating lease that expires July 2009. Rent expense under this lease during the year ended December 31, 2006 was \$6,442.

Future minimum lease payments under these leases are:

2008	\$ 30,627
2009	28,932
2010	26,220
	<u>\$ 85,779</u>

#### Contingency

UCC does not carry general liability insurance; therefore, the Company's assets are subject to loss in the event of damage of business property and equipment or malpractice claims filed against the Company or its employees. As described in Note 1 above, UCC is an introducing broker and does not hold client funds in any of its accounts.

### 11. Common Stock and Options

As of December 31, 2007, UCHC has options outstanding for the purchase of 449,540 shares of common stock at \$0.01 per share. 414,540 of the options outstanding are to an employee of the Company.

## SUPPLEMENTARY INFORMATION

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATING BALANCE SHEET  
December 31, 2007

ASSETS

	Union Capital Holdings Corp.	Union Capital Company	Consolidating Adjustments	Consolidated Totals
Assets:				
Cash	\$ 25	\$ 124,984	\$ -	\$ 125,009
Clearing deposit	-	35,000	-	35,000
Commissions receivable	-	20,939	-	20,939
Due from stockholder	-	19,830	-	19,830
Due from subsidiary	315	-	(315)	-
Investment in Union Capital Company	197,749	-	(197,749)	-
Deferred income tax asset	-	14,500	-	14,500
Total current assets	198,089	215,253	(198,064)	215,278
Deposits	-	1,705	-	1,705
Intangible asset, net	-	1,133	-	1,133
Furniture and equipment, net	-	5,480	-	5,480
Total assets	<u>\$ 198,089</u>	<u>\$ 223,571</u>	<u>\$ (198,064)</u>	<u>\$ 223,596</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:				
Accounts payable and accrued expenses	\$ -	\$ 21,399	\$ -	\$ 21,399
Due to parent company	-	315	(315)	-
Income taxes payable	7,951	-	-	7,951
Capital lease payable, current portion	-	2,398	-	2,398
Deferred income tax liability	-	400	-	400
Total current liabilities	7,951	24,512	(315)	32,148
Capital lease payable, non-current portion	-	1,310	-	1,310
Total liabilities	7,951	25,822	(315)	33,458
Stockholders' equity:				
Common stock, no par value; 2,000,000 shares authorized, 1,308,941 shares issued and outstanding	459,085	458,624	(458,624)	459,085
Accumulated deficit	(268,947)	(260,875)	260,875	(268,947)
Total stockholders' equity	190,138	197,749	(197,749)	190,138
Total liabilities and stockholders' equity	<u>\$ 198,089</u>	<u>\$ 223,571</u>	<u>\$ (198,064)</u>	<u>\$ 223,596</u>

Supplementary Information.  
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATING STATEMENT OF INCOME  
For the year ended December 31, 2007

	Union Capital Holdings Corp.	Union Capital Company	Consolidating Adjustments	Consolidated Totals
Revenues:				
Commissions	\$ -	\$ 595,203	\$ -	\$ 595,203
Management fees	805	-	(805)	-
Other income	-	39,208	-	39,208
Equity in earnings of subsidiary	92,034	-	(92,034)	-
Total revenue	92,839	634,411	(92,839)	634,411
Operating expenses:				
Compensation and benefits	-	374,540	-	374,540
Floor brokerage and clearing costs	-	26,946	-	26,946
Rent	-	25,876	-	25,876
Automobile	-	16,458	-	16,458
Legal and professional fees	-	14,504	-	14,504
Licenses and fees	-	13,981	-	13,981
Travel and entertainment	-	13,395	-	13,395
Telephone	-	10,214	-	10,214
Office expenses	817	8,606	-	9,423
Quotes	-	7,246	-	7,246
Advertising	-	5,738	-	5,738
Depreciation and amortization	-	4,391	-	4,391
Contract labor	-	2,095	-	2,095
Website and internet	-	1,536	-	1,536
Management fees	-	805	(805)	-
Seminars	-	325	-	325
Total operating expenses	817	526,656	(805)	526,668
Operating income	92,022	107,755	(92,034)	107,743
Other income (expense):				
Interest income	-	1,974	-	1,974
Interest expense	-	(1,795)	-	(1,795)
Total other income (expense)	-	179	-	179
Income before income tax provision	92,022	107,934	(92,034)	107,922
Income tax provision	7,951	15,900	-	23,851
Net income	\$ 84,071	\$ 92,034	\$ (92,034)	\$ 84,071

Supplementary Information.  
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATING STATEMENT OF STOCKHOLDERS' EQUITY  
For the year ended December 31, 2007

	<u>Union Capital Holdings Corp.</u>	<u>Union Capital Company</u>	<u>Consolidating Adjustments</u>	<u>Consolidated Totals</u>
Common stock:				
Balance, December 31, 2006	\$ 459,085	\$ 458,624	\$ (458,624)	\$ 459,085
Balance, December 31, 2007	<u>\$ 459,085</u>	<u>\$ 458,624</u>	<u>\$ (458,624)</u>	<u>\$ 459,085</u>
Accumulated deficit:				
Balance, December 31, 2006	\$ (353,018)	\$ (352,909)	\$ 352,909	\$ (353,018)
Net income	<u>84,071</u>	<u>92,034</u>	<u>(92,034)</u>	<u>84,071</u>
Balance, December 31, 2007	<u>\$ (268,947)</u>	<u>\$ (260,875)</u>	<u>\$ 260,875</u>	<u>\$ (268,947)</u>

Supplementary Information.  
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION  
For the year ended December 31, 2007

Net Capital

Consolidated stockholders' equity qualified for net capital	\$ 106,067
Add:	
Allowable credits:	
Deferred tax liability	400
Capital lease for computers (allowable under SEC Rule 15c3-1(c)(1)(viii) and (2)(iv))	<u>4,644</u>
Total capital and allowable credits	111,111
Deductions:	
Nonallowable assets:	
Due from stockholder	16,285
Lease deposit	1,705
Deferred tax asset	30,400
Furniture and equipment, net	7,892
Intangible asset, net	<u>1,813</u>
Net capital before haircuts	53,016
Haircuts on money market account (2%)	<u>(1)</u>
Net capital	53,015
Minimum net capital requirement	<u>5,000</u>
Net capital in excess of required amount	<u>\$ 48,015</u>
Aggregate indebtedness	<u>\$ 36,337</u>
Ratio: aggregate indebtedness to net capital	<u>0.69</u>

Supplementary Information.  
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY  
RECONCILIATIONS UNDER RULE 17a-5(d)(4) OF THE SECURITIES AND EXCHANGE COMMISSION  
For the year ended December 31, 2007

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Reconciliation of Computation of Net Capital:

Net Capital

Net capital, per FOCUS Report, Part IIA, page 10, line 10	<u>\$ 156,796</u>
Net capital, per December 31, 2007 audited financial statement	<u>\$ 149,192</u>

The difference between net capital per the FOCUS report and the audited financial statement is due to audit adjustments with a net income effect and consolidation of Union Capital Company with its parent company, Union Capital Holdings Corp. for financial reporting purposes.

Aggregate Indebtedness

Aggregate indebtedness, per FOCUS Report, Part IIA, page 11, line 19	<u>\$ 26,765</u>
Aggregate indebtedness, per December 31, 2007 audited financial statement	<u>\$ 29,350</u>

The difference between aggregate indebtedness per the FOCUS report and the audited financial statement is due to audit adjustments and the consolidation of Union Capital Company with its parent company, Union Capital Holdings Corp. for financial reporting purposes.

Supplementary Information.  
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND INFORMATION  
RELATING TO POSSESSION OR CONTROL OF SECURITIES UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION

For the year ended December 31, 2007

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Exemption Provisions

The Company has claimed an exemption from Rule 15c3-3 under Section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Supplementary Information.  
See independent auditors' report.



REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

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To the Board of Directors and Stockholders  
Union Capital Holdings Corp. and Subsidiary  
Union Capital Company

In planning and performing our audit of the consolidated financial statements and supplemental schedules of Union Capital Holdings Corp. and subsidiary Union Capital Company (the Company), for the year ended December 31, 2007, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal

REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3, Continued

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control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Ludwig Hewer & Co. PLLC*

February 26, 2008

**END**